

PROGRAM HIGHLIGHTS

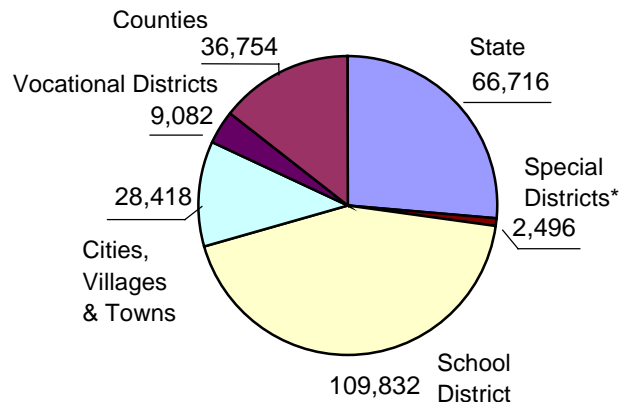
Retirement:

Public employers and employees contributed \$1.171 billion in 1999 to the Wisconsin Retirement System (WRS) to support future benefits. This was an increase of about \$79 million from the previous year. The system's 1,270 public employers contributed \$656 million as the employer's required share of future benefits. The amount contributed directly by employees, or by employers on behalf of their workers, totaled \$515 million in 1999, an decrease of 2.8% from 1998.

- ▶ There were 463,147 WRS individual participants as of December 31, 1999, an increase of 2.5% over the previous year. Participants include 253,298 active government employees, an increase of 1.8% over the previous year; 102,817 retirees and others receiving annuities, and 107,032 "inactives," or former public employees who had not yet taken a benefit from their retirement accounts. To put the WRS growth in perspective, the total participation level has risen by 103,200 persons since 1990, a 28.7% increase.

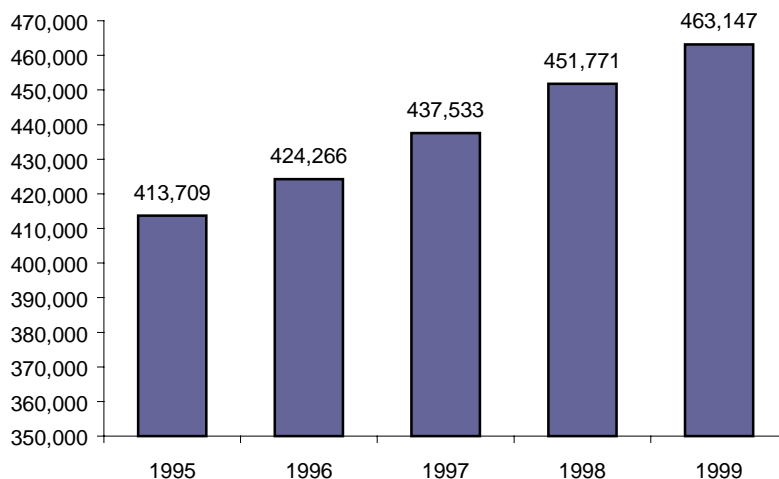
The number of active public employees covered continues to increase, with a large share of them working in local public school districts. About 26% of active participants are state employees including the university system and 74% are local employees. School districts employ the largest single group of participants, 109,832 teachers and non-teaching personnel, or 43% of the total. Participation by type of employment was:

Active Participants by Employee Type



* Housing Authorities, Sewerage Districts, Regional Planning Commissions, etc.

1995-1999 WRS Participation



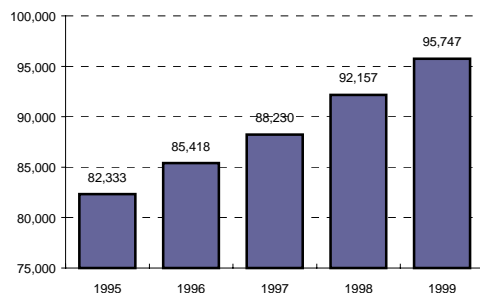
- ▶ One of the most important functions of the Department of Employee Trust Funds is to provide retirees with their monthly annuity checks at the same time every month. Given that so many people depend on these checks for their livelihood, this is a major ETF priority. The vast majority of retirees still live in Wisconsin, so these payments are a major part of the state's economy.

In 1999 ETF paid out a total of \$ 1.86 billion dollars in annual benefits to retired persons, disabled retirees, beneficiaries of retirees and death benefits. The total annuity payments were \$229 million more than in 1998, 14.0% more than the 1998 final audited total of \$1.63 billion dollars.

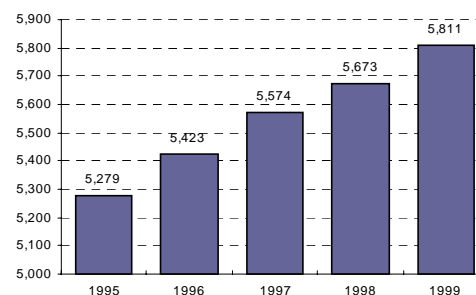
Separation payments paid to employees leaving public service prior to retirement totaled \$35.6 million, down \$6.3 million from the 1998 separation benefits total.

- ▶ More than 6,700 additional persons retired or received other annuities during 1999. The number of persons receiving retirement, disability and beneficiary annuities at the end of the year was 102,817, an increase of 3.7% over 1998. The three-part chart in the next column shows how the number of annuitants has increased over the past five years, from 88,998 at the end of 1995 to the three-part total of 102,817 at the end of 1999. The charts also show the type of annuitant. "Disability" means persons who retired because of injury or illness and were eligible for a monthly annuity. "Beneficiary" means a person selected by a participant to receive future payments from the deceased member's account.

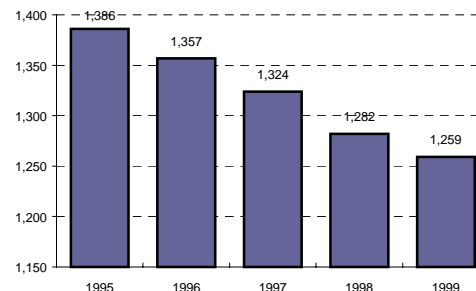
1995-1999 Annuities Paid-Retirement



1995-1999 Annuities Paid-Disability



1995-1999 Annuities Paid-Beneficiary

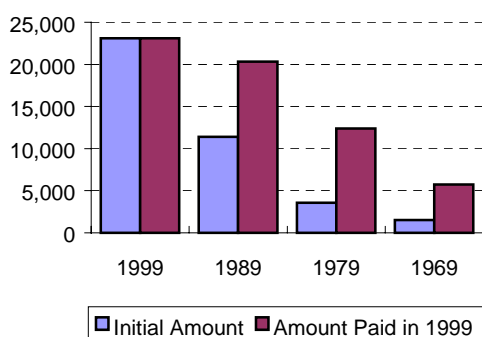


The **average** annual annuity received by **all** retirees in 1999 (fixed and variable combined) reached \$18,086 up 9.4% from the previous year.

The average annual benefit has been increasing through the years. Some individuals have more than one annuity, so the total number of annuities is higher than the number of **people** provided annuities by ETF each year.

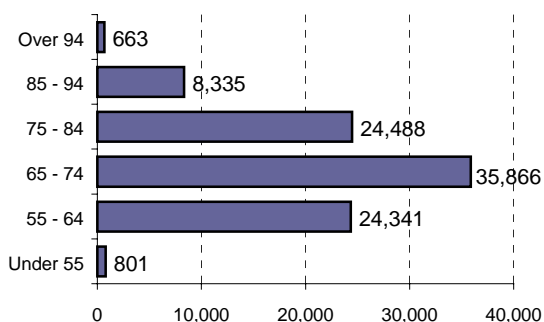
Growth in Average Annual Retirement Benefit

(Initial Amount and \$ Value by 1999)



- ▶ For those who retired in 1999, the average annuity was \$23,115, about \$1,564 more than the previous year's average. The chart above shows the average annuity **received in 1999** by persons who retired 10, 20 and 30 years ago.
- ▶ Another important characteristic is the age of those who are retired. The next chart shows the age distribution for all those receiving retirement benefits from the system at the end of 1999. Only 801 individuals under the age of 55 are receiving benefits, although this number has been growing the past few years. At the other end of the age scale, Wisconsin retirees have great longevity with 8,998 individuals over the age of 85 still drawing monthly benefits.

Age Distribution-All Retirees (through 12/31/99)



Benefits:

▶ GROUP HEALTH INSURANCE

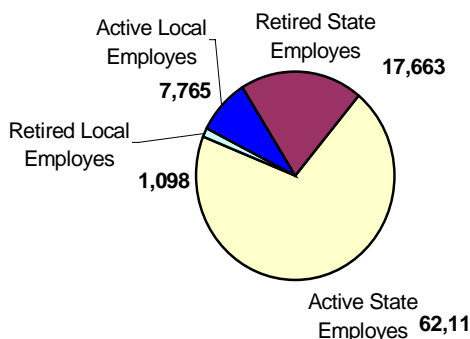
covered 62,110 active and 17,663 retired state of Wisconsin employees at the end of 1999, about 185,000 persons when all covered dependents are included. The total amount of annual health insurance premiums for all participants was \$393 million. Participants and annuitants contributed \$50 million towards their health insurance premiums.

In the local employer group health insurance program there were another 7,765 active and 1,098 retired participants. With their dependents, the total number of people covered was about 17,000. Annual premium paid was \$42.6 million. At the end of 1999, there were 195 local employers participating, eleven more than at the end of 1998.

The health insurance plans offered by ETF provide employee health insurance coverage in all Wisconsin counties, with over one-fourth of participants residing in Dane County. Participants are offered a choice of at least two or more competing plans. All plans are required to be "substantially equivalent" to the Standard Plan - which is the traditional fee for service plan.

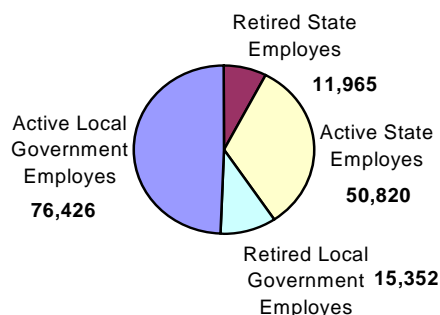
Prior to a 1983 initiative to create managed care, approximately 82% of employees were enrolled in a standard indemnity plan offered statewide with the remainder enrolled in eight available Health Maintenance Organizations (HMOs). The number of plans now offered has increased, and currently more than 85% of all state employees are enrolled in alternative (HMO) plans. The remaining 15% participate in the two fee-for service standard plans offered.

Group Health Insurance Covered All Plans 12/31/99



- THE BASIC GROUP LIFE INSURANCE** program covered 154,563 individuals at the end of 1999, a 2.4% increase in coverage over the previous year. Basic life insurance covered 50,820 active state employees and 76,426 active local employees working for 584 local employers who chose to participate. Growth in the local government plan has been steady and significant over the past few years. In addition, 11,965 retired state and 15,352 retired local employees participate in the basic life plan. Many of these employees also have life insurance under supplemental, additional and spouse and dependent plans. At the end of the year, there was \$10.8 billion worth of life insurance in force for participants in all plans, up from the \$9.7 billion the previous year.

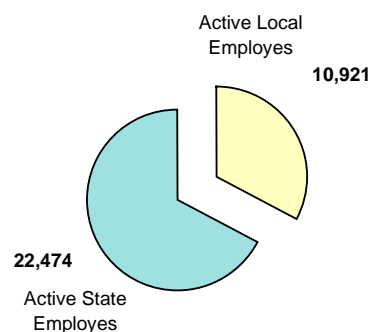
Group Life Insurance, Employees Covered-All Plans



THE WISCONSIN DEFERRED COMPENSATION (WDC)

PROGRAM had another substantial participation increase of 5.7% during 1999. There were 22,474 state employees and 10,921 local employees who set aside a portion of their earnings on a tax-deferred basis at the end of the year. Twenty additional local employers came into the program in 1999, bringing the total to 534 local participating employers. Participants deferred \$78.9 million of their 1999 earnings during the year. WDC assets totaled \$1.20 billion at the end of 1999, a 26.9% increase over last year's assets. The program allows employees to defer part of their compensation and have the amounts invested in choices which include two fixed income options and twelve mutual funds with varying degrees of investment risk. Participants may defer earnings to as many investment options as they choose.

Deferred Compensation Total Program Participation



- THE EMPLOYEE REIMBURSEMENT ACCOUNTS (ERA) PROGRAM** At the end of 1999 ERA had 9,137 participants, an increase of 1.8% over 1998 participation. Employees created 2,046 dependent care accounts and 7,091 medical expense accounts. The ERA program allows state employees to establish pre-tax reimbursement accounts for medical care expenses not covered by insurance and for dependent child or adult care expenses. Total salary reductions

were \$13.5 million (\$7.1 million for dependent care and \$6.4 million for medical), an increase of 5.0% over 1998. Reductions in FICA tax from this program saved the state an estimated \$1.0 million in 1999, with combined FICA and income tax savings of \$4.7 million realized by participants.

► **INCOME CONTINUATION**

INSURANCE was provided to 51,483 state employees and 4,694 local government employees as a supplemental benefit to cover income in case of short- or long-term disability. State government and 102 local governments participate in the ETF program, a self-insured plan with claims administration through a third party administrator.